

**THE WELFARE TO WORK GRANTS PROGRAM:  
AN EVALUATION UPDATE**

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Welfare reform since the late 1990s has involved parallel efforts to change the culture and role of cash assistance, and to create tools for helping people leave welfare and succeed in employment. The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), in 1996, addressed both goals. It replaced the Aid to Families with Dependent Children (AFDC) with the new time-limited Temporary Assistance for Needy Families (TANF) program, which created incentives and pressures for welfare recipients to move from the assistance rolls into employment, but which also gave states flexibility to use federal resources not just for cash assistance but for work-related services as well. Resources to help people with the most difficult employment barriers were expanded in 1997, when the Balanced Budget Act (BBA) authorized the U.S. Department of Labor (DOL) to award \$3 billion in Welfare-to-Work (WtW) grants to states and local organizations. These grants support efforts, over a limited period, to help the hardest-to-employ recipients of Temporary Assistance for Needy Families (TANF), as well as certain noncustodial parents, to prepare for employment, find jobs, and stay employed. The BBA also mandated the National Evaluation of the Welfare-to-Work Grants Program, which is being conducted, under contract to the U.S. Department of Health and Human Services, by Mathematica Policy Research, Inc., and its subcontractors the Urban Institute and Support Services International, Inc.

This paper summarizes the status of that mandated evaluation and the findings it has yielded to date.<sup>1</sup> As background, Section I briefly points out key elements of the policy context for the

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<sup>1</sup>This paper is a synthesis of findings reported in earlier evaluation reports. For more detailed presentation of results, see Perez-Johnson and Hershey (1999), Perez-Johnson et al (2000) and Nightingale (2001). A separate component of the evaluation examines WtW programs operated by American Indian tribes and Alaska Native villages, but results of that component are not summarized here.

program. Section II describes the design of the evaluation and changes it has undergone in response to the program implementation circumstances. Section III presents descriptive findings from two national surveys of grantees to document the framework of organizations through which WtW services are being delivered. Section IV offers selected observations, based on field visits to selected local WtW grantees, concerning program enrollment and recruitment, services, and structure.

## **I. POLICY CONTEXT FOR THE WELFARE-TO-WORK GRANTS PROGRAM**

Three dramatic shifts have occurred in welfare policy and the context in which it is applied. Changes have occurred in (1) the policy framework of assistance programs and their purpose, (2) the organizational roles of public agencies, and (3) the overall economy and scale of welfare programs.

**First, welfare has been re-defined as a short-term step toward employment.** Unlike welfare in the past, TANF is defined as short-term assistance while recipients prepare for employment. Recipients are required to work as soon as they are job-ready or have received assistance for 24 months, and most can receive federally funded TANF for only 60 months in their lifetime. States can impose even tighter time limits and penalties. Congress underscored its emphasis on work by requiring states to meet increasing requirements for the percentage of their TANF caseload that must be engaged in unsubsidized employment or other work activities. By fiscal year 2002, this requirement will have risen from its initial 40 percent to 50 percent. Most TANF programs therefore stress job search assistance and encourage or require recipients to find employment rapidly, rather than promote participation in extensive education and training. At the same time, many states have chosen to reinforce work requirements and incentives by disregarding larger fractions of recipients' earnings in benefit calculations as a way of making

work pay, and by dedicating increased resources to child care and transportation assistance to help offset the cost of working.

**Second, organizational roles have changed.** PRWORA and the BBA gave states, and even localities, increased control over strategies for moving welfare recipients into employment. PRWORA establishes a broad policy framework for TANF programs, but leaves states great discretion in defining their combination of financial assistance and employment and support services. The BBA specified the allowable uses of WtW funds and designated state workforce development agencies as the primary funding conduit, but leaves them considerable latitude in defining ways to promote job entry, retention, and advancement. The job of moving welfare recipients into employment is now shared at the local level between human service agencies and the workforce development system.

**Third, welfare rolls have declined, leaving a more disadvantaged caseload.** Welfare rolls began to shrink before passage of PRWORA and the BBA, and continued to decline. From early 1993 through September 2000, the number of AFDC/TANF cases declined by 56 percent, from about 5 million to 2.2 million (U.S. Department of Health and Human Services 2001). This decline, in the view of most researchers, was due in part to the waiver-based experiments of many states in the early 1990s and, subsequently, to the new PRWORA policies, as well as, in large part, to the strength of the U.S. economy. Substantial fractions of those exiting the assistance rolls are going to work. Declining caseloads are leaving TANF agencies serving individuals with a greater concentration of employment barriers.<sup>2</sup> WtW grants were meant to help states and localities focus resources and program strategies on particularly disadvantaged

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<sup>2</sup>Data from a recent New Jersey survey illustrate the differences between those who have left and those who remain on assistance. Of those who had left assistance for employment, 66 percent had high school diplomas, and 68 percent had worked in the past two years; of those who

people likely to have the greatest employment difficulties and to complement “work first” programs that states establish with TANF funds. Congress encouraged this focus in two ways. First, 75 percent of WtW funding went to states for allocation to local areas, and the formula for allocation to states favors those with greater concentration of poverty and TANF participation. Second, Congress required grantees to serve mostly individuals with specific indicators of employment disadvantage. As first enacted, the BBA required grantees to spend at least 70 percent of their grant funds serving (1) long-term TANF recipients or recipients within a year of reaching a time limit, who also have two of three specific barriers; or (2) noncustodial parents (NCPs) of children in a long-term TANF case, who themselves face two of the three specified problems. The three problems specified in the original BBA were (a) lack of a high school diploma or GED *and* low reading or math skills; (b) a substance abuse problem requiring treatment; and (c) a poor work history. The remaining 30 percent could be spent on any TANF recipients or NCPs with characteristics associated with long-term dependency, such as being a school dropout or teen parent or having a poor work history.

Rather quickly, evidence accumulated that program eligibility criteria were slowing enrollment and limiting participation. Some grantees were finding it necessary to turn away or place on a waiting list individuals who met the 30 percent eligibility criteria but not the 70 percent criteria, rather than risk audit exceptions and financial penalties. Early field visits for the national WtW evaluation also suggested that grantees were finding it difficult to recruit NCPs, in part because they failed to meet the stringent criteria pertaining to employment barriers or because the custodial parents of their children were not long-term TANF recipients.

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*(continued)*

remained on TANF, the corresponding rates were only 48 and 46 percent, respectively (Rangarajan and Wood 1999).

Such concerns led to legislative changes that expanded the WtW target population and gave grantees more time to spend WtW funds. BBA amendments in 1999 left intact the requirement that 70 percent of WtW funds be spent on a defined category of participants, but removed the requirement that long-term TANF recipients exhibit additional barriers to employment. They are now eligible under the amended criteria if they have simply received assistance for at least 30 months, are within 12 months of reaching a time limit, or have exhausted their TANF benefits due to time limits. Second, less restrictive rules now govern eligibility of NCPs in the 70 percent category. They are now eligible if: (1) they are unemployed, underemployed, or are having difficulty making child support payments; (2) their minor children are receiving or eligible for TANF, or received TANF in the past year, or are receiving or are eligible for assistance under the Food Stamp, Supplemental Security Income, Medicaid, or Children's Health Insurance programs; and (3) they make a commitment to establish paternity, pay child support, and participate in services to improve their prospects for employment and paying child support. The definition of the 30 percent category was also broadened to include youth who have received foster care in the past, custodial parents with incomes below the poverty level, and TANF recipients who face barriers specified by the local WIB. These amendments went into effect in stages, beginning in January 2000, but they were not fully effective until October 2000, when all federal WtW funds could be used to pay for services under the revised rules. Finally, in the Consolidated Appropriations Act in December 2001, Congress gave formula and competitive grantees up to two additional years to spend their funds, beyond the three originally allowed.

## **II. DESIGN AND STATUS OF THE EVALUATION**

DHHS, in conjunction with the Departments of Labor and Housing and Urban Development, originally designed an evaluation to address five questions:

- What are the types and packages of services provided by WtW grantees? How do they compare to services already available under TANF or JTPA/WIA funding?
- What are the effects of various WtW program approaches on employment and on families' well-being?
- What challenges are confronted as grantees implement and operate WtW programs?
- Do the benefits of WtW programs outweigh their costs?
- How well do Workforce Investment Boards and other non-TANF organizations--the primary vehicles for funding and operating WtW programs--meet the challenge of implementing WtW programs for the hardest-to-employ?

These questions were to have been addressed with three study components, but some changes have proven necessary because of WtW implementation experience. A *descriptive assessment of all WtW grantees* has been conducted, based on two national surveys of local formula and competitive grantees. An *in-depth process and implementation study* is being conducted in collaboration with 11 purposefully selected grantees. Ten of these 11 grantees are also enrolling program participants in an evaluation sample. The evaluation was also designed to include an *in-depth impact and cost-effectiveness study*, based on an experimental design; referred individuals would be randomly assigned to a program group or a control group. However, this component has proven infeasible. Many grantees experienced difficulty meeting their enrollment targets, and therefore could not consider an evaluation design that would entail assigning half of their referrals to a control group that would not receive WtW services. Instead, the program and employment activities of the WtW participants in ten of the 11 study grantees are being tracked using information from administrative agency records and 12- and 24-month follow-up surveys.

**The Grantee Survey.** A survey of all WtW local grantees was conducted in fall 1998 and fall 1999. The first survey began with a sample of 598 actual and potential local WtW grantees.<sup>3</sup> The second survey began with a larger sample, 681 grantees, because additional competitive grants had been awarded. Both surveys achieved 71 percent response rates. Given their timing, these surveys describe the early phase of implementation for many grantees.

**The In-Depth Process and Implementation Study.** This part of the evaluation is designed to describe the components, services, structure, management, and operations of programs funded with WtW grants in selected sites.<sup>4</sup> A second objective is to identify lessons about how to implement an initiative targeting hard-to-employ populations. The study is drawing on two rounds of in-depth site visits; the first round, conducted in late 1999 and early 2000, provides the basis for results presented here. Follow-up surveys of WtW participants are being conducted at 12 and 24 months after each sample member's enrollment, but survey data are not yet available.

### **III. EVALUATION FINDINGS TO DATE**

Based on the grantee surveys conducted, the WtW Evaluation can provide a systematic description of the characteristics of WtW grantees nationwide. It can also describe their implementation progress over the first two program years. The WtW program legislation was enacted in 1997, and authorized funds for FY1998 and FY1999. DOL distributed formula funding to states and competitive funding to local grantees gradually over the course of 1998 and

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<sup>3</sup>The confirmed actual grantees were organizations that had received competitive grants directly from DOL. Potential grantees were local JTPA SDAs—the presumed recipients of states' allocations of formula funding—in all states except six that had turned down federal WtW funding.

<sup>4</sup>The in-depth study grantees are in Boston, Chicago, Fort Worth, Milwaukee, Nashville, Philadelphia, Phoenix, rural West Virginia, rural southeastern Indiana, and Yakima. An additional grantee has program locations in Baltimore, Long Beach, California, and St. Lucie County, Florida.



1999. States were then required to distribute 85 percent of their formula grant allocation to local Workforce Investment Boards (WIBs) which govern the use of Workforce Investment Act funds (and previously the Job Training Partnership Act, or JTPA). These substate formula allocations made their way to local programs mostly in the latter part of 1998 and early 1999 (Table 1). The fall 1998 survey thus captured primarily implementation plans rather than actual experience of many grantees, and the fall 1999 survey still represented just a first year of operations or even less for the majority of grantees.

TABLE 1  
TIMING OF LOCAL WTW GRANTS REPORTED BY SURVEY RESPONDENTS,  
SECOND WELFARE-TO-WORK GRANTEE SURVEY

Date of Grant Notification	Number of Formula Grants <sup>a</sup>	Number of Competitive Grants
January-June 1998	139	25
July-December 1998	203	36
January-June 1999	21	39
July-December 1999	20	44
<b>Total</b>	<b>383</b>	<b>144</b>

SOURCE: National Evaluation of the Welfare-to-Work Grants Program, Second Grantee Survey (November 1999 - February 2000).

<sup>a</sup>Formula grantees were asked to report the earliest date at which they were awarded a substate formula grant. These organizations could have been subsequently awarded additional substate formula funds.

In addition to the early surveys of grantees, the WtW evaluation has included more detailed examination of a wide variety of local grantee programs. In an initial phase, evaluation staff contacted over 100 grantees by telephone and visited 23 to document their early implementation and explore the possibility of including them in the in-depth component of the evaluation. Eleven grantees were ultimately selected as in-depth study sites, and two rounds of intensive visits to

these sites have been made (in 1999 and in 2001). The combination of these various contacts with grantees and documentation of their program experiences have yielded findings about program structure and services that complement and in many ways confirm findings from the national surveys.

In this section, the findings to date from the National Evaluation of WtW Grants Program are summarized regarding (1) characteristics of WtW grantee agencies and the status of implementation; (2) program structure and services; and (3) employment and work activities. It is important to note that these observations, however, are preliminary and will be updated as the evaluation continues.

## **A. CHARACTERISTICS AND IMPLEMENTATION PROGRESS OF GRANTEES**

The early grantee surveys and site visits to local programs yielded three general findings about the characteristics of WtW grantees and progress of WtW program implementation:

- Although WtW is primarily administered by workforce development agencies at the local level, service delivery is often closely intertwined with the delivery of TANF work-first services
- WtW programs are operating on a modest scale.
- WtW program implementation had advanced considerably by late 1999, but participation levels were still lagging.

### **1. WtW Grantee Agencies Are Often Closely Involved With TANF Services as Well**

As intended by the BBA, most WtW administrative agencies nationally are workforce investment boards (WIBs). This pattern is reflected in the types of organizations responding to the grantee survey (Table 2). Survey respondents were primarily administrators in the agencies that administered JTPA and now WIA funds; about a quarter of grantees were human service and other public agencies, nonprofit community organizations, and educational institutions. The

TABLE 2

GRANTEE CHARACTERISTICS:  
OVERALL SAMPLE FOR SECOND GRANTEE SURVEY  
AND SURVEY RESPONDENTS  
(Percentages)

	Overall Survey Sample <sup>a</sup> (n = 681)	Survey Respondents (n = 487)
<b>Organization Type</b>		
JTPA SDA/PIC	77.5	72.5
Others	22.5	27.5 <sup>b</sup>
<b>Grant Type(s) Received</b>		
Formula Grant	72.5	70.6 <sup>c</sup>
Competitive Grant	20.8	19.3
Formula and Competitive Grants	6.8	10.1 <sup>d</sup>

SOURCE: National Evaluation of the Welfare-to-Work Grants Program, Second Grantee Survey (November 1999 - February 2000).

<sup>a</sup>This column presents information that was available on all local substate formula grantees and competitive grantees from grantee lists provided by DOL in preparation for the survey.

<sup>b</sup>Other types of grantees include human services agencies, other public agencies, nonprofit community-based organizations, universities and colleges, and organizations serving people with disabilities.

<sup>c</sup>Includes 296 responding grantees that received formula funding only and 48 that received formula funding and a share of their state's discretionary funding.

<sup>d</sup>Includes 41 responding grantees that received formula and competitive grants, an additional seven that also received a share of their state's discretionary funding and one grantee receiving competitive and discretionary funds.

organizations that are serving as grantees in the 11 evaluation study sites also reflect this pattern.

This does not mean, however, that the WtW programs or grantees are separate from the TANF system. The organizational structure of the WtW program at the local level, and its

TABLE 3

## TYPE OF ORGANIZATION ADMINISTERING THE WtW GRANT, BY STUDY SITE

Study Site	Host/Grantee Agency	Type of Organization			
		SDA/ PIC/WIB	Non- Profit	Public Agency	Educational Institution
Boston, Massachusetts	Office of Jobs and Community Service (JCS) in the Boston Economic Development and Industrial Corporation (EDIC)	X		X	
Chicago, Illinois	Mayor's Office of Workforce Development	X		X	
Indiana (19 county area)	River Valley Resources, Inc.	X	X		
Fort Worth, Texas	Tarrant County Workforce Development Board (aka Work Advantage)	X	X		
Milwaukee, Wisconsin	Wisconsin Department of Corrections, Division of Community Corrections for Region 3 (Milwaukee County)			X	
Nashville, Tennessee	Nashville Career Advancement Center	X	X		
Philadelphia, Pennsylvania	Philadelphia Workforce Development Corporation, Greater Philadelphia Works Program, <a href="#">Phil@Work</a>	X	X	X	
Phoenix, Arizona	City of Phoenix Human Services Department, Employment and Training Division	X		X	
West Virginia (29 county area)	Human Resources Development Foundation		X		
Yakima, Washington	Tri-Valley Private Industry Council	X	X		
Baltimore County, Maryland; St. Lucie County, Florida; Long Beach, California	Johns Hopkins University, Institute for Policy Studies, SCANS2000				X

relationship to the TANF program, are complex. Although WIBs or their equivalent constituted 73 percent of all grantee respondents to the second survey, TANF agencies often were key participants in developing the grant applications (Table 4). Community-based organizations,

TABLE 4  
ORGANIZATIONS INVOLVED IN LOCAL WtW PROGRAM EFFORTS

Type of Organization	Percent of grantees reporting that the organization...		
	Helped Grantee Develop Formal Application or Plan for Competitive or Substate Formula Grant <sup>a</sup>	Is Represented on a WtW Steering Committee or Board with Grantee Organization <sup>b</sup>	Refers to WtW Grantee or Takes Referrals <sup>c</sup>
PIC, JTPA Administrative Entity, or Successor Entity	89.9	86.2	54.3
County or Local TANF Agency	80.7	82.3	86.9
Employment Service	49.2	66.8	61.4
One-Stop Career Center	49	58.7	58.1
Community-Based Organizations <sup>d</sup>	63.6	78.8	76.8
Vocational Rehabilitation Agency	34	52.7	54
Housing Agency	37.5	41	54.5
Substance Abuse Agency	30.1	31.1	51.3

Source: National Evaluation of the Welfare to Work Grants Program, Second Grantee Survey (November 1999-February 2000)

Notes:

<sup>a</sup> Includes only organizations that developed or submitted a plan (n=437).

<sup>b</sup> Includes only those grantees that have a steering committee or board (n=283).

<sup>c</sup> Includes only those organizations that make or take referrals (n=396).

<sup>d</sup> Includes community-based service organizations and community action or development organizations.

one-stop career centers, employment service agencies, and other agencies were also reported to be heavily involved in local WtW program efforts.

Most grantee agencies in the in-depth study sites—whether WIBs or not—also have a substantial role in the TANF work program, either administering the entire TANF work program or acting as a major service delivery contractor to the TANF agency. Several types of formal

relationships between the WtW grantee agencies and TANF work programs exist in the study sites:

- ***Single Agency Administers WtW and TANF:*** In Fort Worth and Phoenix, the TANF agency is under the authority of the same state department as workforce development programs, so the two are integrally linked.
- ***WIB Administers WtW and is Contractor for TANF Work Program:*** In Indiana, Boston, Nashville, and Philadelphia, the WtW grantee is the WIB administrative agency, which is also a major provider of services under the TANF work program, under contract to the TANF agency.
- ***WtW Agency is a Partner in One-Stop Center Where TANF Services Are Delivered:*** In Philadelphia, the workforce development agency not only administers WIA and WtW grant funds, but also is a partner in the interagency “one-stop” office where the main TANF work program services are delivered (although the WtW grant program services are located elsewhere).

Even in sites where the WtW grantee agency has no formal TANF role, there are interagency arrangements between the two agencies specifically for WtW, and the WtW grantee often has other indirect links to TANF. In Yakima and Chicago, for example, the WIB/WtW grantees have no formal contract for TANF, mainly because the WIB does not provide direct services, but many community service providers have contracts from both the WIB and TANF, and, therefore, some programs blend TANF, WtW, and WIB funds. Two grantees that operate in multiple jurisdictions (the Johns Hopkins University program and River Valley Resources (RVR) Indiana) have a formal TANF role in some, but not all, localities in which they operate. The RVR, which administers WIA, has formal links to TANF in localities where RVR also administers the TANF work program itself. The community college partner of Johns Hopkins University in Florida is the operator of the One-Stop Center, which includes the TANF work program, and the community colleges in Baltimore County and Long Beach have separate contracts from the TANF agency and the WIB to serve welfare recipients.

## **2. WtW Programs Are Projected to Operate on a Modest Scale**

As was noted, WtW formula and competitive grant funds reached states and localities gradually, in stages during 1998 and continuing into 1999 (see Table 1). As additional funds were distributed to the WtW grantees, the projections of overall enrollment reported in the surveys increased. Grantees that responded to the second survey, in late 1999, reported having, on average, nearly \$3.0 million, compared to \$2.2 million reported by respondents to the first survey. Overall expected enrollment also increased, but not in proportion to increases in available funding. Respondents to the second survey, on average, expected to eventually serve 595 participants, compared to 537 anticipated by respondents to the first survey. While the average funding levels reported in the second survey were 33 percent higher than those reported in the first survey, mean expected total enrollment in WtW programs was only 10 percent higher.

Field visits and other contacts with grantees suggested that, not surprisingly, some grantees modified their projections of WtW enrollment, based on their early program experience, including recruitment difficulties encountered in the early stages of implementation.

## **3. Program Implementation Advanced, but Participation Still Lagged in Late 1999**

Over the course of 1998 and 1999, WtW programs gradually became operational. In late 1998, only 50 percent of local grantees responding to the grantee survey said they had begun operating their programs. By late 1999, 89 percent of grantee respondents reported that their programs were operating. Most of those not operating had recently received competitive grants under DOL's third round of funding, awarded just a month before the survey (see Table 2).

Although program operations were largely under way, enrollment and participation in WtW programs were still building slowly in late 1999. Most grantee programs had begun serving participants, and had enrolled a total of almost 84,000 individuals, but the pace of enrollment continued to lag behind grantees' plans. On average, grantees were enrolling an average of 19.2

participants per month, about the same rate reported in the 1998 survey (Table 5). If that rate were to continue, it would take grantees an average of about 41 months to meet the participation targets they reported in the 1999 survey.

TABLE 5  
ENROLLMENT PACE OF WTW PROGRAMS

	Second Grantee Survey (n = 431) <sup>a</sup>
Average Number of Participants Enrolled Each Month	19.2
Distribution of Survey Respondents by the Average Number of Participants Enrolled Each Month (Percentages)	
5 or less	29.1
6 to 10	20.9
11 to 25	30.0
26 to 50	11.6
51 to 100	6.4
More than 100	2.5
Average Number of Months it Would Take Grantees to Meet Their Stated Participation Targets, Given Enrollment Pace at Time of Survey Response	40.9
Distribution of Survey Respondents by Number of Months it Would Take to Meet Stated Participation Target, Given Enrollment Pace at Time of Survey Response (Percentages)	
24 months or less	31.9
25 to 36 months	25.5
37 to 48 months	16.3
49 to 60 months	9.2
More than 60 months	17.1

SOURCE: National Evaluation of the Welfare to Work Grants Program, Second Grantee Survey (November 1999 - February 2000).

NOTES:

<sup>a</sup>Includes only those grantee organizations indicating that they had begun enrolling WtW participants as of their survey completion date. These organizations represent 88.5 percent of respondents to the second WtW grantee survey.

Exploratory site visits and telephone calls conducted early in the evaluation suggested that the number of referrals to and enrollments in WtW programs were often lower than original projections for three reasons. First, referrals from TANF agencies tended to fall short of expectations. TANF recipients who might be eligible for WtW services frequently had multiple



programs to select from to fulfill their work activity requirements and could therefore be served by TANF work-first programs, or TANF service contractors, instead of WtW programs. Second, the original eligibility criteria restricted the percentage of TANF recipients who could be confirmed as eligible for WtW services under the “70 percent” category, and WtW program operators became reluctant to enroll mostly individuals meeting the “30 percent” criteria and risk facing financial penalties. Third, many TANF recipients found employment or otherwise left the TANF rolls before referral to a WtW program. Thus, declining TANF caseloads had shrunk the pool of potential eligibles who might be referred to WtW.

Although collecting national survey data on grantee experiences beyond late 1999 is not part of this evaluation, other information suggests that the additional two years allowed by Congress to spend WtW funds will be needed to make full use of the resources. As of June 1999, about 85 percent of the federal funds had been distributed by DOL, and about 7 percent of total funds had been spent (Table 6). By December 1999, about 15 percent of the federal grant funds had been spent, considerably more than in June of 1999, but still lower than originally expected. Over the following year, spending and enrollments increased substantially, and by December 2000, over one billion dollars in federal funds had been spent. Thus, the rate of spending and enrollments have increased, although much of the available federal funding is still unexpended.

As discussed in the following sections, the surveys of grantees and visits to selected local programs confirm that, after a long start-up period, the pace of program implementation was beginning to increase in late 1999 and early 2000. Programs were instituting new outreach and recruitment strategies and refining their service delivery models based on the prior year’s experience. It is reasonable to expect that the trend in increased enrollments and spending will continue into 2001 and that the extended period of time programs have been given in which to

TABLE 6

## CUMULATIVE SPENDING AND ENROLLMENT IN GRANT-FUNDED PROGRAMS

WtW Formula and Competitive Grants: Federal Funds Allocated, FY98 and FY99 combined (distributed as of September 1999)	\$2,639 million		
	As of June 1999	As of December 1999	As of December 2000
WtW funds expended, total	\$242 million	\$ 578 million	\$1,358 million
- Federal grant funds	\$182 million	\$ 409 million	\$1,020 million
- State/local matching funds	\$ 60 million	\$ 169 million	\$ 338 million
Percentage of federal funds spent	6.9%	15.5%	38.7%
Participants enrolled as of June 1999 (cumulative)	58,000	95,000	376,000
Participants entering unsubsidized employment (cumulative)	17,000	46,000	135,000

Source: U.S. Department of Labor, Employment and Training Administration, "Welfare-to-Work National Quarterly Financial Status Reports".

spend their federal grants will allow programs to approach their initial planned levels of participation.

## B. PROGRAM STRUCTURE AND SERVICES

The grantee surveys and early site visits yielded four general findings about the structure of WtW programs and the services these programs make available to WtW participants:

- WtW grants are typically used to serve the entire range of people who are eligible, but some programs focus on particular subgroups.
- WtW programs have responded to recruitment difficulties with a variety of strategies to increase enrollment and participation.
- WtW programs, as intended, are primarily focused on work but emphasize services that extend beyond just job placement. WtW programs also include a variety of employment-focused service models.
- By late 1999, most WtW placements had been in low-wage service jobs.

## **1. Most Grantees Aim to Serve the Full WtW Population, but Some Target Special Groups**

As intended by the legislation, WtW programs in the study sites are targeting a diverse hard-to-employ population with multiple problems. Most grantees have used the funds for programs that serve the full range of WtW-eligible persons.. About 60 percent of the grantee survey reported that they would serve all individuals who meet WtW eligibility criteria. As discussed below, however, even with such untargeted approaches, there are often variations in services delivered and participant activities based on individual assessments, or based on the experience of the service delivery contractor.

Many grantees, however, do operate multiple programs within their overall WtW initiative and, in many instances, these distinct programs focus on particular subgroups of the WtW-eligible population, particular services, or both. On average, grantees responding to the second survey reported that they operate about three distinct programs, and some of these programs were defined as having a special target group. Almost 40 percent of the grantees responding to the second survey indicated that they operated at least one program targeting particular subgroups within the larger WtW-eligible population.

The in-depth study sites confirmed that many WtW programs are targeting directly or indirectly on special groups. Of the eleven study sites, only the NOW program in Milwaukee, which exclusively serves noncustodial fathers on parole or probation, serves just one special group. The programs in the other ten study sites serve all WtW eligibles who enter their programs. In many of the study sites, the actual participants nonetheless represent particular populations, generally because of the location of the offices or the expertise of the service delivery contractors.

In the study sites, the subpopulation most often targeted for special focus is noncustodial parents (mainly fathers). In addition to Milwaukee, programs in three other study sites were

targeting some activities or some programs to noncustodial parents, or have planned to do so (Yakima, West Virginia, and Indiana). Other groups on which programs are focusing include residents of homeless shelters, residents in enterprise communities, substance abusers, the disabled, and monolingual Hispanics.

## **2. WtW Grantees Have Addressed Enrollment Problems with Active Recruiting**

WtW programs will make full use of their resources only if they in generating a substantial flow of entrants to their programs. The grantee surveys and in-depth study visits suggest that most participants were expected to enter WtW programs by being referred from TANF and other agencies. WtW programs, however, learned early in the implementation phase that they would have to conduct their own outreach and recruitment, and aggressively market their programs to staff in referring agencies.

In response to the enrollment difficulties encountered early on, grantee organizations began placing more emphasis on WtW publicity and direct outreach (Table 7). More specifically, respondents to the second survey reported that they would rely somewhat more heavily on their own outreach and customers' self-referrals as a recruitment strategy. These efforts meant that a larger share of WtW participants: grantees in the second survey reported that about 16 percent of participants were recruited in this way compared to about 9 percent in the first survey.

Most of the in-depth study programs also grappled with shortfalls in enrollment, and have adopted aggressive strategies to attract and enroll participants.<sup>5</sup> The in-depth study grantees are increasingly using proactive marketing strategies, rather than passively waiting for referrals, with approaches such as:

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<sup>5</sup>This section is based on the program brief "Welfare-to-Work Grant Programs Tackle Recruitment Challenges," by Lynne Fender, Alan Hershey, and Demetra Smith Nightingale

TABLE 7  
CHANGES IN WTW RECRUITMENT STRATEGIES:  
FIRST AND SECOND GRANTEE SURVEYS

	Grantees Planning to Recruit or Recruiting from These Sources (Percentage of Grantees) <sup>a</sup>		Estimated Share of WtW Participants to Be Recruited from Each Source (Percentages) <sup>b</sup>	
	First Survey	Second Survey	First Survey	Second Survey
TANF Agency	98.0	96.3	65.9	58.2
JTPA	58.5	49.8**	5.0	4.5
Courts/Corrections	37.8	35.9	2.1	2.1
Child Support Enforcement	54.5	41.9***	4.5	3.3
Grantee's Community Outreach	48.6	53.5	6.5	11.9**
Other Organizations' Community Outreach	34.4	33.8	6.1	6.3
Self-Referral	45.7	50.8	2.7	4.5*
Grantee's Existing Caseload	37.2	27.8***	6.3	4.9

SOURCE: National Evaluation of the Welfare-to-Work Grants Program, First Grantee Survey (November 1998 - February 1999) and Second Grantee Survey (November 1999 - February 2000).

<sup>a</sup>Based on responses of grantees that identified their recruiting sources. They represent 85 percent of all responding grantees in the first survey and 99 percent of respondents to the second survey.

<sup>b</sup>Estimates based on the projected share of total participants grantees expect to recruit using each method weighted by total expected participation. Percentages may not sum to 100 due to data rounding.

\*Differences between first and second grantee survey results are significantly different from zero at the .10 level, two-tailed test.

\*\*Differences between first and second grantee survey results are significantly different from zero at the .05 level, two-tailed test.

\*\*\*Differences between first and second grantee survey results are significantly different from zero at the .01 level, two-tailed test.

- Marketing more directly to staff in relevant community organizations and institutions, such as TANF offices, health care providers, churches, homeless shelters, and neighborhood centers.

(continued)

(Princeton, N.J.: Mathematica Policy Research, Inc, 2000), which covers this topic in more detail.

- Targeting outreach to specific neighborhoods, with canvassing and brochure mailings to TANF households or all residents.
- Sponsoring public service announcements, media messages, and mass-marketing campaigns
- Refining marketing through research, using marketing surveys, focus groups, and participant surveys
- Locating WtW staff in TANF offices, at least several hours a week, to enroll, lead job search workshops, and make presentations about WtW program offerings
- Designating dedicated outreach staff to focus on recruiting specific client groups or in certain neighborhoods or agencies

In addition to active marketing and outreach, some in-depth study grantees have taken steps to improve client flow and create financial incentives for enrollment. Staff in some sites, concerned over attrition at intake and later program stages, have tried to streamline client flow to reduce no-shows and attrition. For example, some programs prescreen TANF clients who might be eligible for WtW services even if they cannot immediately participate (for example, because of TANF program requirements they must fulfill first), so they can immediately begin WtW-funded activities if they complete job search under the TANF work program and still do not have a job. In sites where the WtW grantee contracts for services or programs as is common, grantees have incorporated contract terms that reward providers for outreach and/or enrollment functions. A few programs planned for outreach and recruitment activities from the start, but many grantees modified contracts and funding provisions to recognize the fact that their providers were having to do more outreach and recruitment than had been anticipated in the original contracts.

### **3. Grantees Emphasize Placement in Unsubsidized Jobs, but Set Realistic Goals**

Grantees' placement plans clearly reflect the BBA's goal that WtW participants ultimately be employed in unsubsidized, private sector jobs. Virtually all WtW grantees aim to place participants in unsubsidized employment, although they may use other non-grant funds for that

purpose and WtW grant funds for interim employment activities and other preparatory steps (Table 8). Ninety-six percent of grantees responding to the second survey indicated that they would place WtW participants in unsubsidized jobs.

TABLE 8  
PLACEMENT OF WTW PARTICIPANTS IN WORK ACTIVITIES

Types of Placements	Percent of WtW Grantees Making This Type of Placement		Percent of Total WtW Placements in This Type of Activity		Percent of WtW Participants Placed in This Type of Activity		Placements to Date as a Percent of Total Projected Placements
	Projected	To Date	Projected	To Date	Projected	To Date	
Unsubsidized Employment	95.6	77.7	62.3	59.7	44.2	35.8	23.8
Supported Work Activities	83.2	79.8	37.7	40.3	n.a. <sup>a</sup>	n.a. <sup>a</sup>	26.5
Work experience	76.1	49.9	17.5	22.8	12.4	13.7	32.3
On-the-job training	65.4	35.6	7.1	3.8	5.0	2.3	13.3
Subsidized private sector employment	50.8	20.8	6.5	5.7	4.6	3.4	21.8
Subsidized public sector employment	46.1	16.3	3.4	4.7	2.4	2.8	34.0
Community service	35.3	14.2	3.2	3.2	2.3	1.9	25.1

Source: National Evaluation of the Welfare-to-Work Grants Program, Second Grantee Survey (November 1999 - February 2000).

Notes: The information presented in this table is based on the responses of 480 grantees who provided information on WtW placements to date and expectations for placement expectations for their overall grant periods. These organizations represent 98.6 percent of the overall respondent sample for the second grantee survey. Numbers of placements and participants placed differ because individual participants can have multiple placements.

<sup>a</sup> The number in this cell is not simply the sum of the percentages of participants placed in the various types of supported work activities listed, since some participants are placed in a sequence of such activities. The second grantee survey did not include information that would allow us to estimate this number without double counting.

n.a. = not available

At the same time, grantees appeared to have set realistic targets for placement of WtW participants into unsubsidized employment. They expected in late 1999 that unsubsidized job placements would eventually account for under half (44 percent) of all the people enrolled as program participants. That target seemed to recognize the challenges inherent in placing relatively inexperienced and low-skilled individuals who sometimes have additional

employability barriers to overcome (such as disability, substance abuse, or mental health issues). It also seemed to reflect reasonable expectations of some attrition of participants before placement in an unsubsidized job. In fact, early field visits conducted as part of this evaluation suggested that attrition may occur as WtW participants who were required under TANF rules to participate instead find jobs and leave the rolls, or leave the rolls and the WtW program for other reasons, never reaching the point at which the WtW program would place them in a regular job. Moreover, those individuals who are enrolled late in the grant period, even if they remain engaged, simply may not progress to an unsubsidized job before the end of grant funding for the WtW program.

#### **4. WtW Programs Emphasize Employment-Related Services that Extend Beyond Job Placement**

In keeping with the goals of the WtW program, grantees place a strong emphasis on preparing participants to work and helping them find employment, and typically also provide other services to support them once they are employed, help upgrade their job skills, and offer subsidized work activities (Table 9). Job readiness and job placement, along with assessment and case management, are among the most commonly offered components of WtW programs. Almost two-thirds of respondents to the second survey reported using WtW funds to support unsubsidized employment. However, there is also considerable emphasis on various types of supported work activities and services. In fact, some supported form of supported work activity—on-the-job training, work experience, subsidized employment, or community service—was reported by almost 85 percent of the grantees that responded to the survey.

Supported work activities are in fact another important component of grantees' efforts to help WtW participants move toward unsubsidized employment. Almost 80 percent of respondents to the fall 1999 grantee survey indicated they were using *both* unsubsidized



TABLE 9  
PROJECTED USES OF FEDERAL WtW GRANT FUNDS  
(Percentages)

Use of Funds	Grantees Providing Services with Federal WtW Funds <sup>a</sup>		Projected Share of Overall Federal WtW Funds <sup>b</sup>	
	First Grantee Survey	Second Grantee Survey	First Grantee Survey	Second Grantee Survey
<b>Basic Employment Services</b>				
Assessment and/or Case Management	92.9	92.0	11.2	15.0**
Job Readiness	83.5	84.5	6.6	8.1
Job Placement	82.8	82.6	7.5	7.8
<b>Participant Work Activities</b>				
Unsubsidized Employment	65.6	63.7	3.1	5.2
Supported Work Activities	91.1	84.4	21.7	17.2
<b>Postemployment Services</b>				
Postemployment Training	87.1	79.2	8.9	10.0
Job Retention Services	86.1	90.3	8.8	10.8
<b>Other Supportive Services</b>				
Transportation Assistance	81.5	83.7	7.0	5.5
Child Care Assistance	62.8	67.7	9.2	3.2***
Substance Abuse Treatment	50.4	46.1	1.8	1.7
Mental Health Services	39.2	36.1	1.0	0.8
Assistance with Other Employment- Related Expenses	71.9	61.3	2.0	2.0
<b>Other<sup>c</sup></b>	15.2	32.9	1.6	1.2
<b>Program Administration<sup>d</sup></b>	86.1	77.5	9.6	9.7

SOURCE: National Evaluation of the Welfare-to-Work Grants Program, First Grantee Survey (November 1998 -February 1999) and Second Grantee Survey (November 1999 - February 2000).

NOTE: ESL = English as a Second Language.

<sup>a</sup>Percentages are of grantee organizations who reported on the services they would provide with federal WtW funds; they represent 95.2 percent of survey respondents in the first grantee survey and 98.8 percent among respondents in the second grantee survey.

<sup>b</sup>Estimated share is based on grantees' reported percentages, weighted by each grantee's total federal WtW funding received.

<sup>c</sup>Other service or activity categories reported included participant or employer recruitment costs, housing or relocation assistance, individual development accounts, supportive payments to participants, and equipment.

<sup>d</sup>Although grantees are allowed to devote up to 15 percent of funds to administration, some grantees may have found other resources to cover administrative costs, and be devoting all of their WtW grant to services.

\* Difference between first and second survey results was significantly different from zero at the .10 level, two-tailed test.

\*\* Difference between first and second survey results was significantly different from zero at the .05 level, two-tailed test.

\*\*\* Difference between first and second survey results was significantly different from zero at the .01 level, two-tailed test.

employment and supported work strategies (not shown in table). It is clear from evaluation site visits that the vast majority of grantees are using supported work activities as ways to prepare enrollees *prior* to linking them to unsubsidized employment. For many participants, a sequence of work activity placements may be required, and supported work activities are often a routine part of the WtW program experience. As of late 1999, supported work placements were expected to account for 38 percent of all placements, while placements in unsubsidized positions were expected to account for 62 percent (Table 9). These figures roughly suggest that as many as 61 percent of WtW participants ultimately placed in unsubsidized employment may also have participated in a supported work activity.<sup>6</sup>

This pattern of providing expanded support for employment was also observed in the site visits and the mix of services and activities are usually based on client assessment and various types of case management. Assessment and social services are generally the tools WtW programs initially use to help participants progress into employment-related activities and to provide services to support participants along the way. Assessment most commonly includes testing of basic reading and math skills, but many WtW programs also use an intensive case management approach to identify service needs and employability development goals and to monitor progress. WtW and TANF staff report that they are increasingly alert to, and finding, cases of substance abuse, mental health problems, and domestic violence.

The WtW-funded programs in the study sites are also implementing a range of employment and work components, including workplace-based and post-employment activities. Consistent

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<sup>6</sup>We note that this is a rough and maximum measure since not all individuals who participate in WtW supported work activities will reach the point of placement in unsubsidized employment. However, if all participants in supported work activities were among those who enter unsubsidized employment, the rate of involvement in supported work activities as an interim step would be 37.7 divided by 62.3, or 61 percent.

with the work orientation of TANF and the initial prohibition against stand-alone training and education under the WtW legislation, the WtW programs in the study sites are primarily work-focused, but involve providing a broad range of activities including:

- **Pre-employment preparation**, such as job readiness classes or workshops, that includes job development and placement assistance and often integrates occupational preparation or basic computer instruction with soft-skills instruction
- **Work experience and/or community service jobs**, or internships, usually paid hourly wages (generally minimum wage)
- **Subsidized employment** with subsidies to employers, as in traditional on-the-job training programs, as well as arrangements that allow a tryout period, and programs that provide participants with ongoing intensive services, counseling, and support
- **Wage supplements or bonuses** paid directly to workers
- **Post-employment** components, including follow-up and job retention services, and, in several programs, employment or basic skills development

Finally, easy access to a broad range of supportive services is an important feature that distinguishes WtW grant programs from TANF programs in our study sites. Although TANF agencies have more funds than in the past for supportive services such as child care and transportation assistance, staff in both WtW and TANF agencies report that a broader range of services can be funded under WtW than under TANF. WtW funds are considered to be more flexible in that local staff can access them more quickly to meet special participant situations. WtW programs tend to use TANF funds first for supportive social services whenever possible, and WtW funds to “fill gaps.” For example, WtW funds in many sites are used to pay for after-hour child care, van and livery pick-up services, non-medical rehabilitation, and work or school supplies. While most states provide TANF-funded transitional child care and transportation for one or possibly two years after a participant leaves TANF, WtW supportive funds are being tapped to extend the time period in some programs. Consistent with the federal WtW legislation,

there is no termination date for WtW-funded services in most study sites; services, staff counseling, and follow-up assistance can be provided as long as the participant desires it or can stay in contact, at least until the period for using federal WtW grant funds expires.

## **5. Most Job Placements by Late 1999 Had Been in Low-Wage Service Jobs**

By late 1999, it was clear that WtW grantees were indeed moving large numbers of participants into both unsubsidized employment and interim supported work activities. Of the 480 grantees responding to the survey that provided employment placement information, 350 (73 percent) indicated that they had already placed WtW participants in work activities, and overall they had made 50,106 placements of all types.

Nevertheless, grantees had a long way to go to meet placement goals, largely because of the slow pace of enrollment. Placements in unsubsidized employment at the time of the survey had reached about 24 percent of grantees' goals, while placements in various types of supported work activities ranged from about 13 percent to 34 percent of placement goals (Table 9). It can be expected, of course, that placements will be higher in later phases of the grant period, as more participants make it past preliminary job readiness activities. As with enrollment, however, the pace of employment placements would have to increase from the 40 per month average reported in late 1999 to 60 per month for placement targets to be met in the original three-year program period. The two-year extension on the use of WtW grants allowed by Congress might make it possible for WtW funds to yield placements at the levels originally planned.

As could be expected, WtW placements reported as of late 1999 concentrated in service and administrative support positions at low wages. Almost 90 percent of WtW grantees responding to the second survey listed one or more jobs classified as service occupations among the top 10 occupations in which they had placed participants. Grantees reported in the fall 1999 survey that participants entering unsubsidized jobs earned an average of \$6.81 per hour. In paid work

experience and subsidized public sector jobs, participants were reported to be receiving \$5.50 to \$5.60 per hour. OJT placements had been running at an average of \$6.47, probably reflecting the higher skill levels of the positions for which employers are willing to provide the level of training required for such arrangements.

#### **IV. FINAL REFLECTIONS AND NEXT STEPS FOR THE EVALUATION**

Based on the findings and observations to date, as discussed above, it is clear that, despite the early difficulties associated with the strict eligibility criteria and the fact that the implementation phase has been longer than originally expected, promising programs are emerging in many of the WtW sites. The service models that WtW grantees have implemented often include innovative efforts to provide employment-related services to population groups that have not typically been focused on in welfare-employment programs in the past. In most of the study sites, strategies have been devised to address the enrollment problems. Staff and administrators are optimistic that outreach and recruitment efforts, along with the 1999 changes to eligibility criteria, will increase the flow of participants into their programs. There is also a strong feeling at the local level that the availability of WtW grants has contributed to the development of some innovative programs for population groups with the most serious problems, including substance abusers, persons with limited basic skills and English language ability, individuals with disabilities, and welfare recipients living in homeless shelters. Several staff and administrators also feel that the presence of the WtW grants encouraged a more serious focus on serving fathers, especially non-custodial parents. Some WtW programs are implementing employment-based activities that integrate skills development with work-based subsidized employment, and there are many programs that include a partnership with a particular employer and involve workplace-based internships, skills instruction, and supportive services.

While no further nationwide surveys of grantees are planned at present, additional visits to the in-depth study sites, along with the follow-up surveys with participants in the study sites, will yield additional information about the implementation of the programs, potentially promising service models, the experiences of program participants, and interagency collaboration. The lessons from these programs will contribute importantly to better understand how to implement programs that aim to serve a hard-to-employ population.

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